#### TEXAS DEPARTMENT OF MOTOR VEHICLES

# APPROVED FY 2012 OPERATING BUDGET



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#### **Budget Overview**

The Texas Department of Motor Vehicles (TxDMV) was created by the 81st Legislature effective September 1, 2009. TxDMV was comprised of four divisions that were transferred from the Texas Department of Transportation (TxDOT). House Bill (HB) 3097 amended the Transportation Code to create the TxDMV as an agency of the state. HB 3097 required the TxDMV to be organized by divisions to accomplish the department's functions and duties to include administration, motor carrier, motor vehicle, and Additionally, and registration. vehicle titles HB 3097 established the Automobile Burglary and Theft Prevention Authority within the TxDMV.

The TxDMV oversees the state's motor vehicle services, including registering and titling of passenger vehicles, granting operating authority to commercial motor carriers, regulating the motor vehicle sales and distribution industry and helping to prevent auto burglary and theft.

TxDMV program divisions perform the department's functions and duties as follows:

- The Administrative Services Division (ADM) supports the agency across all program areas with information technology, human resources support, imaging and scanning operations and general support functions.
- The Financial Services Division (FNS) provides
   accounting, budgeting and purchasing functions for
   the agency.
- The Motor Carrier Division (MCD) provides
   credentialing services, the granting of operating
   authority for motor carriers and household goods
   carriers and management of the International
   Registration Program for the state.
- The Automobile Burglary and Theft Prevention Authority (ABTPA) provides grants to law

- enforcement jurisdictions to support auto theft and burglary task forces, as well as providing theft prevention awareness outreach and education.
- The Motor Vehicle Division (MVD) facilitates
  the licensing of motor vehicle dealers,
  manufacturers and a variety of other entities
  engaged in the motor vehicle sales and
  distribution industry. In addition, MVD licenses
  salvage vehicle dealers.
- The Enforcement Division (ENF) regulates the motor vehicle sales and distribution industry, the motor carrier industry, Texas Lemon Law Program, leasing businesses and motor transportation brokers in order to protect the welfare of the public and ensure fair treatment of consumers by household goods carriers.
- The Consumer Relations Division (CRD) administers and supports customers through the efforts of its Call Center and Correspondence Services sections.
- The Vehicle Titles and Registration Division (VTR) provides vehicle title, registration and related services, including supporting the 254 county tax-assessor collectors and their agents that provide titles, registration and license plate services to the public.

The following are services provided by the TxDMV:

- Vehicle titling and registration
- Registration insignia
- Specialty license plates
- Disabled placard issuance
- Vehicle dealer licensing and enforcement
- Administration of the Texas Lemon Law Program
- Motor carrier operating authority, registration and regulation
- Grants to law enforcement to prevent vehicle burglaries and theft



#### Budget Overview continued

In addition, the TxDMV provides consumer awareness and education initiatives on vehicle registration compliance, buying and selling of vehicles, household goods movers and automobile burglary and theft prevention.

The Annual Operating Budget represents the TxDMV's one year financial plan to support our business needs. State agencies operate on a fiscal year basis beginning September 1 and ending August 31. The operating budget allocates resources to approved goals and strategies (Table 4, pages 13-14) in accordance with the General Appropriations For a complete summary of the state budgeting cycle, see pages 58-59. State budget and appropriation terms and definitions are provided on pages 56-57. Table 5, page 17, details how the operating budget is allocated to agency divisions to support their respective duties and functions. For a complete summary of the roles and responsibilities of development and approval of the agency's annual operating budget, see page 60.

The following is a representation of TxDMV's fiscal performance and projected funding needs. Operating budget information is presented in tables, followed by variance information to clarify and describe the data.

#### **Capital**

Capital Budget appropriations are set through the General Appropriations Act for acquisition of assets with a biennial project cost or unit cost of more than \$100,000. The unit cost was increased by the 82nd Legislature, Regular Session, from \$25,000 to \$100,000. The 82nd Legislature appropriated approximately \$57.6 million for FY 2012 capital for the following projects:

- TxDMV Automation System Project-\$45.9 million
- Agency Growth and Enhancements-PCs, printers, etc., approximately \$702K/year
- Technology Replacement and Upgrades for the Counties \$6.8 million/year
- Data Center Consolidation \$4.2 million/year

TxDMV is developing information technology assets to improve customer services and improve access to agency programs for customers and the public through the TxDMV Automation System Project (formerly known as the Vision 21 Enterprise Technology Project). The FY 2012 appropriation incorporates current costs to complete the project in FY 2013. The agency amended the scope of this project to encompass the entire agency's operation in order to take advantage of synergy and operational efficiencies. This project will develop new links between agency functions and better serve customers.

The collection of a \$1 registration fee supports the improvement and upgrade of the department's automated Registration and Title System (RTS).

The Business Process Analysis (BPA) is a key component of the TxDMV Automation System Project. BPA was chartered to review and document current TxDMV business processes and identify opportunities for improvements that will:

- Enable TxDMV to provide exceptional service to customers and stakeholders (e.g., tax assessor-collectors, motor carriers, auto dealers and the motoring public);
- Comply with legislative mandates; and,
- Support motoring public and law enforcement needs by protecting the safety of citizens through accurate and real-time data.



#### Budget Overview continued

#### Capital continued

In the upcoming biennium, the agency will utilize the results of the BPA and stakeholder input to acquire and implement new technologies that will enhance its vehicle related industry interaction with the agency.

In addition to the TxDMV Automation System Project, the agency received funding for the following capital projects in FY 2012:

- Agency Growth and Enhancement (\$702K) provides funds to acquire personal computers,
  laptops, and peripheral devices to support
  agency operations.
- Technology Replacement and Upgrades (\$6.8 million) provides funding to acquire printers, computers, monitors, laptops, cash machines, etc. deployed at Tax Assessor Collector offices throughout the state.
- Data Center Consolidation (\$4.2 million) Information technology infrastructure assets and
   functions in the scope of a statutorily required
   Data Center Services contract entered into by
   Department of Information Resources (DIR)
   funding the agency's current inventory of servers
   and storage. The funding supports existing
   projects only.

#### **Legislative Impact**

The passage of HB 1 by the 82nd Legislature, Regular Session, provides TxDMV with the fiscal tools to move forward as an agency. The Legislature was called into a special session beginning May 31, 2011 and ending June 29, 2011. To date, the Comptroller has not certified the final appropriations for state agencies.

The following highlighted bills were passed during the regular session:

- HB 1541, relating to the prevention of automobile burglary and theft, included a provision to double insurance fees from \$1 to \$2, and allows 50 percent of collected fees to be appropriated to ABTPA.
   HB 1541 was signed by the governor and will take effect September 1, 2011.
- HB 2017 "TxDMV Cleanup" was signed by the governor and will take effect September 1, 2011.
- HB 2357 "VTR Cleanup" was signed by the Governor and will take effect on January 1, 2012.
- SB 1420, relating to the continuation and functions of the Texas Department of Transportation (TxDOT) and providing penalties was signed by the governor. This bill had a provision to transfer TxDOT's powers, duties, functions, programs and activities relating to oversize and overweight vehicles, to TxDMV no later than January 1, 2012. This brings the responsibility to issue and enforce oversize/overweight permits to TxDMV. The bill requires TxDMV to enter into a Memorandum Of Understanding (MOU) with TxDOT to ensure a smooth transition of program responsibilities and resources.
- SB 1035 was vetoed by the governor on June 17, 2011. The legislation would have expanded county permitting of motor vehicle title service companies and create a state licensing requirement administered by the TxDMV. The bill established additional criminal and civil penalties, including a state jail felony if a service company violated a license requirement.



#### Budget Overview continued

While the state may have benefitted from TxDMV performing this licensing and oversight function, the governor determined the bill would not address the burden imposed on motor vehicle title service companies by a state licensing requirement, nor would it address the inherent problems of the creation of 254 different county registration processes. The dual state/county registration and licensing procedures and different associated fees were considered too cumbersome.

Senate Bill 1035 could have also had unintended consequences due to the definition of a motor vehicle title service company. The definition included "any individual directly or indirectly assisting with the registration process," and would have been problematic when friends or family members with the registration process were not able to assist if any compensation was received without being subject to civil and criminal penalties.

The governor requested TxDMV to work with the motor vehicle title service industry and county governments to find a reasonable solution that does not add layers of government, but protects Texans against individuals operating with the intent to defraud consumers or the state.

#### **Performance Measures**

Performance measures are quantifiable indicators of achievement. Texas uses four types of measures:

- Outcome indicates the effect on a stated condition;
- Output counts the services produced by the agency;

- Efficiency gauges resource cost per unit of product; and
- Explanatory/input provides information to help assess reported performance.

The following are key measures included in HB 1, General Appropriations Act in Article VII, Texas Department of Motor Vehicles bill pattern.

#### **Key Measures FY 2012 Target Performance**

#### **Outcome Measure:**

Percent of Motor Vehicle Consumer Complaints Resolved: 64.8%

#### **Output Measures:**

Number of Vehicle Titles Issued

6,528,656

Total Number of Registered Vehicles

23,271,018

Number of Motor Vehicle Consumer Complaints Resolved 623

#### **Efficiency Measures:**

Average Number of Weeks to Resolve Motor Vehicle Complaints 24

ABTPA Administration and Support Costs as a Percentage of Total Expenditures 6%



#### TABLE 1—FY 2011 Revenue Projections by Fund

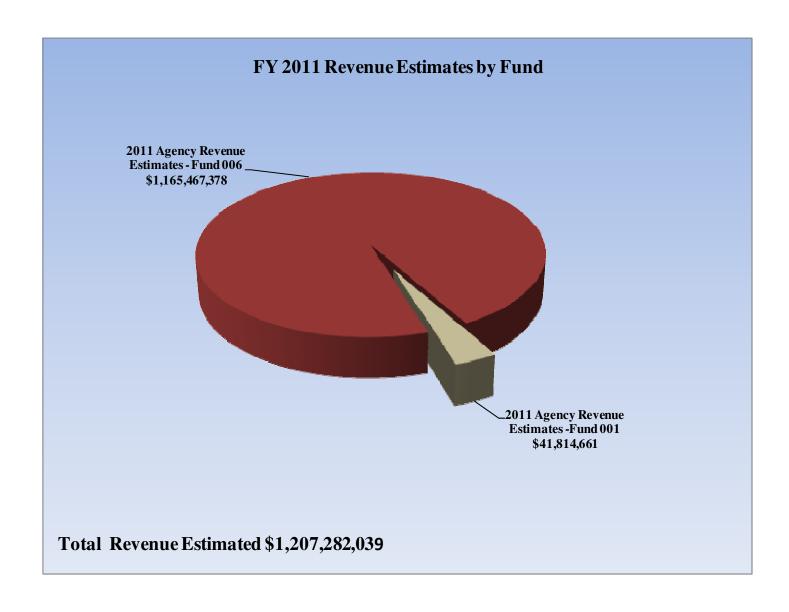
		Fiscal Year			
Fund No.		2011 Bienni Estimates	al Revenue	2011 Agency Estimates	Revenue
001 General Revenue Fund					
Comptroller Object	Comptroller Object Name				
3012 3014	Motor Vehicle Certificates Motor Vehicle Registration Fees	\$	26,892,000 7,448,000	\$	27,374,198 8,940,463
3035	Commercial Transportation Fees		5,250,000		5,500,000
<b>Total Estimated Fund 001 Fees</b>		\$	39,590,000	\$	41,814,661
006 State Highway Fund					
Comptroller Object	Comptroller Object Name				
3012	Motor Vehicle Certificates	\$	25,952,000	\$	26,183,728
3014	Motor Vehicle Registration Fees		1,144,652,000	1	,131,526,308
3035	Commercial Transportation Fees		8,136,000		7,757,342
<b>Total Estimated Fund 006 Fees</b>		\$ 1	,178,740,000	\$ 1	,165,467,378
TOTAL ESTIMATED FEES:		<b>\$</b> 1	,218,330,000	\$ 1,	207,282,039

The 2011 Biennial Revenue Estimate figures are based on those provided by the State Comptroller's Biennial Revenue Estimate Report for Fiscal Years 2012- 2013. TxDMV Financial Service Division (FNS) has provided 2011 Agency Revenue Estimates. When developing the 2011 Agency Revenue Estimates for the remainder of FY 2011, FNS calculated revenues received, evaluated trends of previous revenues collected, averaged a percentage of overall revenues in each object code (broken down by month) and applied these amounts to each remaining month for FY 2011.

This process assumes established revenue trends over the past 4 years will continue with revenue collections increasing in the latter months of the year, typically April through August. These fees represent a majority of the revenues collected by TxDMV. As FNS continues to establish TxDMV revenue trends, a process is being developed that will allow the agency to monitor all revenues and assist with providing a more detailed and accurate forecast going forward.



#### FY 2011 Revenue Projections by Fund continued





#### FY 2011 Operating Budget Expenditure Projections

TxDMV's FY 2011 Operating Budget was derived from four sources:

- Appropriations for primary program divisions transferred from TxDOT to form the TxDMV;
- Fund transfers from TxDOT for central administration;
- Unspent funds from FY 2010 that were carried forward to FY 2011; and,
- Projected lapse amounts.

Funding from these sources total \$200.8 million. In addition, Rider 7, General Appropriations Act, 81st Legislature, Regular Session, Special License Plates Fees, authorized an increase of \$4.2 million during the fiscal year which brought the total adjusted budget to \$205.1 million. The agency expects to lapse approximately \$96.7 million in FY 2011.

Table 2 reflects the FY 2011 Adjusted Budget, projected expenditures and lapse by Division and Capital Project.

#### TABLE 2—FY 2011 Projected Lapse by Division and Capital Project

Division/Capital Project FY 2011 Adjusted Budget		Projected Expenditures	Total Projected Lapse
Division:			
Administrative Services Division	\$51,903,812	\$40,370,674	\$11,533,138
Automobile Burglary and Theft Prevention Authority	\$14,911,870	\$14,901,870	\$10,000
Consumer Relations Division	\$2,019,700	\$1,699,708	\$319,992
Enforcement Division	\$4,630,300	\$3,435,454	\$1,194,846
Executive Office	\$6,491,252	\$3,274,542	\$3,216,710
Financial Services Division	\$2,855,733	\$1,006,240	\$1,849,493
Motor Carrier Division	\$2,645,433	\$1,628,486	\$1,016,947
Motor Vehicle Division	\$4,465,234	\$2,921,891	\$1,543,343
Vehicle Tiles and Registration Division	\$30,272,900	\$27,804,740	\$2,468,160
Agency-Wide	\$27,281,038	\$40,688	\$27,240,350
Capital Project:			
TxDMV Automation System	\$45,089,330	\$673,768	\$44,415,562
Capital Technology Replacement & Upgrades	\$11,826,560	\$10,126,560	\$1,700,000
Capital Growth & Enhancements	\$750,294	\$568,294	\$182,000
Total	\$205,143,456	\$108,452,915	\$96,690,541



#### **FY 2011 Projected Lapse Descriptions**

The \$96.7 million projected lapse in FY 2011 is attributed to the following:

- \$7.5 million All divisions except ABTPA are projected to lapse salary savings. The agency continues to recruit, select and hire administrative, financial and direct program staff. During FY 2011, the agency averaged over 100 vacant positions and over estimated salary needs based on full staffing levels. The agency continues to develop better budget estimates based on more conservative, efficient, and effective techniques.
- \$3.7 million Divisions (not specified below) are projected to lapse funds in various operating categories to include travel, supplies, professional fees, rental space and computer programming services.
- Administrative Services Division \$10.3 million operating costs and approximately \$1.2 million in salaries (discussed above). The division is projected to realize savings in various expense categories, primarily in the manufacture of license plates, consumables purchased from the TxDOT warehouse in lieu of a commercial supplier and efficiencies realized in planning, travel and reduced costs associated with contractor services resulting from increased monitoring.
- Agency-Wide \$27.2 million. This line item includes \$24.7 million in carry forward balances authorized by HB 3097, which created the agency in the FY 2010-2011 biennium. An additional \$2.5 million of unallocated funds were included in Agency Wide as a reserve for unforeseen contingencies and are projected to lapse.
- Executive Director Office \$3.2 million. The division is projected to save approximately \$600K in operating costs. In addition, \$1 million in operating costs and \$1.6 million in salaries (mentioned above) associated with the TxDMV Automation System Project are projected to lapse in FY 2011. The agency amended the scope of the TxDMV Automation project described below and subsequently, the salaries were not expended.
- TxDMV Automation System Project \$44.4 million. This lapse occurred as the agency amended the scope of this project to ensure synergy and operational efficiencies. This project will develop new links between agency functions to ensure better customer service.
- Capital Technology Replacement & Upgrades approximately \$2 million. This capital line item will fund the County Equipment and Replacement Project that was approved by the board in April 2011. The initial budget for this project was \$9.2 million, plus additional carry forward funds from FY 2010 (\$11,826,560) to fund equipment replacement in the county tax offices. The agency anticipates leveraging the entire amount to replace identified Registration and Titling System (RTS) workstation equipment, network equipment (aging switches and routers) and printers. TxDMV will purchase new equipment and contract with a vendor for the installation and support of this equipment. Equipment for TxDMV Regional Service Centers will be replaced and maintained as part of the agency's equipment replacement initiative.



#### FY 2012 Operating Budget Overview

State agencies are funded by strategy and method of finance. House Bill 1, 82nd Regular Legislative Session, Article VII appropriates \$162.6 million to the TxDMV for FY 2012. This amount does not include rider appropriations or Article IX, General Provisions, which affect all state agencies. Rider appropriations included in FY 2012 for TxDMV authorize additional funds of \$5 million for specialty license plates.

Unexpended balance and capital appropriation riders allow unspent funds associated with the FY 2012 TxDMV Automation System Project in FY 2012 to be carried forward into FY 2013 in an amount not to exceed \$45 million.

Finally, Article IX contingency appropriations provide an additional \$7 million for approved legislation which transfers the Oversize and Overweight Program from TxDOT to TxDMV. It also includes reductions of \$836K associated with the Data Center and payroll contributions for group health insurance.

The agency's Approved FY 2012 Operating Budget addresses base operating requirements, adjustments, and contains data for a one year period. The budget covers funding for each division and reflects the most appropriate method of finance and strategy for core activities and continuing programs.

The budget includes costs for the agency's current authorized staffing level of 647 Full-time Equivalents (FTEs) and projected longevity costs. It also includes projected costs for the Oversize/ Overweight function scheduled to transfer no later than January 1, 2012.

The budget does not include funding associated

with the TexasSure or Organ Donor Education Programs. These programs transferred to the Department of Insurance and Department of Public Safety, respectively.

#### **Rider Appropriations**

<u>Capital Budget</u>: Provides language which authorizes TxDMV to expend funds out of amounts appropriated to TxDMV for capital needs to advance the agency's equipment and automated processes for current and future TxDMV functions and Tax Assessor Collector offices. The rider does not appropriate additional funds to the agency. However, it would allow the agency to maximize operating dollars for the acquisition of capital items, excluding construction of buildings/facilities and the acquisition of land and other real property.

Special License Plate Fees: Appropriates revenue collected from the sale of personalized and specialty license plates and deposited to the credit of the State Highway Fund 006 for the purpose of making contract payments to a vendor for the marketing and sale of personalized and specialty license plates.

The special license plate rider appropriation provides TxDMV the authority to increase appropriations in an amount equal to expenditures paid to the selected specialty plate vendor. The estimated FY 2012 increase is \$5 million.

Contingency for Senate Bill 9 and/or House Bill 2153: The Automobile Burglary and Theft Prevention Authority appropriation provides additional funds for ABTPA contingent on legislation to increase fees.



#### FY 2012 Operating Budget Overview continued

#### Rider Appropriations—continued

#### **Article VII Appropriation:**

Rider 4. Appropriation of Special License Plate Fees:

(Estimated contract payments to the selected vendor for marketing and sale of personalized, and specialty license plates)
Transportation Code, Section 504.851 and 504.852

\$5,000,000

#### **Article IX Contingency Appropriations**

Sec. 18.92: SB 1420 Oversize and Overweight Vehicles \$7,010,653 (Transfer of duties, functions, programs and activities from TxDOT to TxDMV)

#### **Article IX General Provisions**

Sec. 17.01: Data Center Services Reduction (\$521,000)
Sec. 18.09: Payroll Contributions for Group Health Insurance (\$315,175)
(The TxDMV's appropriations are reduced by 1% of base salaries)

Total \$11,174,478



#### FY 2012 Operating Budget Overview continued

TABLE 3—R	Revenue Projection	ı <u>S</u>	Fiscal	Year	
<b>Fund</b>		2011 Bie	nnial Revenue Estimates	2012 Bies	nnial Revenue Estimates
001 General Revenue Fund					
Comptroller Object	Comptroller Object Name				
3012	Motor Vehicle Certificates	\$	26,892,000	\$	27,296,000
3014	Motor Vehicle Registration Fees		7,448,000		7,783,000
3035	Commercial Transportation Fees		5,250,000		5,328,750
Total Estimated TxDMV F	ees	\$	39,590,000	\$	40,407,750
006 State Highway Fund					
Comptroller Object	Comptroller Object Name				
3012	Motor Vehicle Certificates	\$	25,952,000	\$	26,341,000
3014	Motor Vehicle Registration Fees		1,144,652,000		1,178,992,000
3035	Commercial Transportation Fees		8,136,000		8,217,000
Total Estimated TxDMV F	ees	\$	1,178,740,000	\$	1,213,550,000
TOTAL ESTIMATED FEES:		\$	1,218,330,000	\$	1,253,957,750

Revenue estimates listed above for both fiscal years were provided by the State Comptroller's *Biennial Revenue Estimate Report for Fiscal Years* 2012-2013. These revenue estimates represent a majority of the revenues collected by TxDMV.

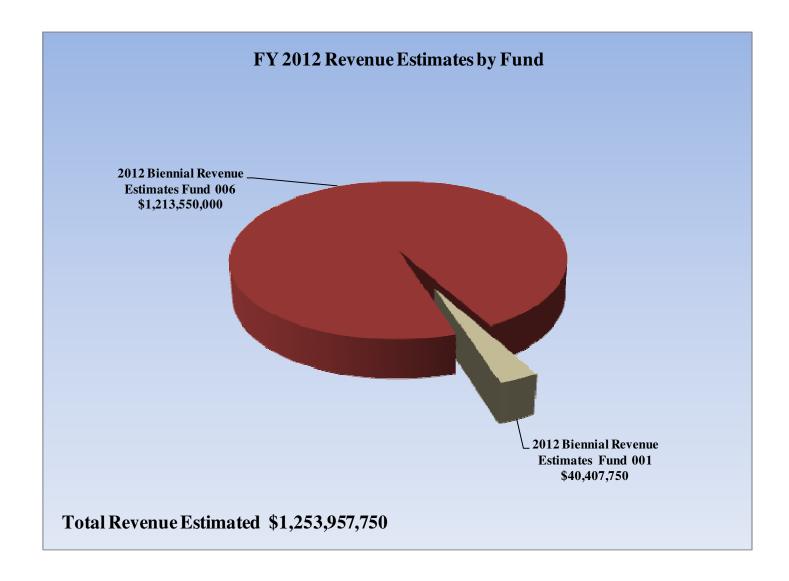
The Comptroller's economic forecast for 2012 assumes relative stability and consistency in the future. Texas' economic growth is expected to average 3.1% annually with a population increase of 1.7% each year. Although there are potential concerns, Texas' economic forecast on which the revenue estimates are based, is grounded in the economic conditions from FY 2011 through FY 2013 and are expected to be the most probable, tempered, moderate growth.

FNS has evaluated revenue estimates provided by the Comptroller's *Biennial Revenue Estimate Report*, and although FNS agrees there will be positive growth in the Texas economy and population, FNS is concerned with the aggressive 3% (Fund 006) and 4.5% (Fund 001) growth in Motor Vehicle Registration Fees estimated by the Comptroller for FY 2012. FNS believes the estimated revenue collected for these fees will be more accurately represented at a 2% growth rate.

Source: Biennial Revenue Estimate 2012-2013 (Forecast Summary and Concerns)



#### FY 2012 Operating Budget Overview continued





#### FY 2012 Operating Budget Overview continued

Below is a comparison of the FY 2011 Adjusted Operating Budget and the Approved FY 2012 Operating Budget. The FY 2011 budget includes adjustments of approximately \$55.2 million.

# TABLE 4—FY 2012 Operating Budget Summary Comparison by Goal/Strategy/Method of Finance

	FY 2011 isted Budget	FY 2012 Budget
Appropriation Budget by Goal		
Goal A: Department of Motor Vehicles		
Vehicle Registration, Titling and Plates	\$ 118,359,229	\$ 121,403,174
Motor Vehicle Dealer Licensing and Regulations	6,453,885	8,422,688
Motor Carrier Registration and Regulation	2,514,164	3,927,740
Automobile Burglary and Theft Prevention	 15,214,355	14,911,870
Total, Goal A: Department of Motor Vehicles	\$ 142,541,633	\$ 148,665,472
Goal B: Indirect Administration Indirect Administration		
(Includes Administrative Services, Financial Services, and portion		
of Executive Director Office)	\$ 7,449,174	\$ 13,975,369
Total, Goal B: Indirect Administration	\$ 7,449,174	\$ 13,975,369
Total Approved Appropriation Budget	\$ 149,990,807	\$ 162,640,841
Other Adjustments		
FY 2010 Carry Forward to FY 2011		
Article IX, Sec. 17.30(b) Contingency Appropriation for HB 3097	24,728,431	
TxDMV Automation System (formerly known as Vision 21)	30,016,194	
Registration and Titling System Capital	4,444,560	
TexasSure Verification program	6,535,399	
Automobile Burglary Theft Prevention Authority Grants Part 1	364,117	
Automobile Burglary Theft Prevention Authority Grants Part 2	515,518	
Automobile Burglary Theft Prevention Authority- Capital	2,500	
Automobile Burgiary There revenuon Authority- Capital	2,500	



#### FY 2012 Operating Budget Overview continued

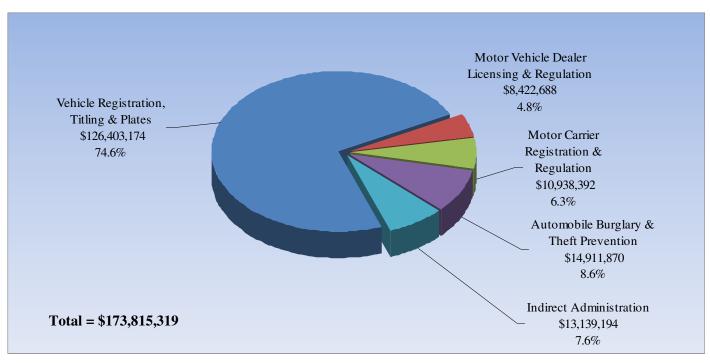
# TABLE 4—FY 2012 Operating Budget Summary Comparison by Goal/Strategy/Method of Finance *continued*

	FY 2011	FY 2012
Organ Donor Program	451,200	
HB 4 Appropriation Reductions to Fund 001	(1,138,428)	
TxDMV Automation System Project (formerly Vision 21) Projected lapse	(15,000,000)	
Rider 4: Estimated Appropriation of Special License Plate Fees	4,233,158	5,000,000
Article IX, Sec. 17.01(a), (b) Reduction Related to Data Center		(521,000)
Article IX, Sec. 18.09 Payroll Contribution for Group Health Insurance		(315,175)
Article IX, Contingency Appropriations:		(313,173)
Sec. 18.79: SB 1420 Oversize and Overweight Vehicles		
Transfer of powers, duties, functions, programs and activities from TxDOT to TxDMV		7,010,652
Total Adjustments	\$ 55,152,649	\$ 11,174,478
Total Budget	\$ 205,143,456	\$ 173,815,319
Method of Finance		
General Revenue Fund 001	\$ 16,199,418	\$14,911,870
State Highway Fund 006	\$188,278,338	\$158,732,449
Federal Reimbursements	\$665,700	 \$171,000
	\$ 205,143,456	\$ 173,815,319

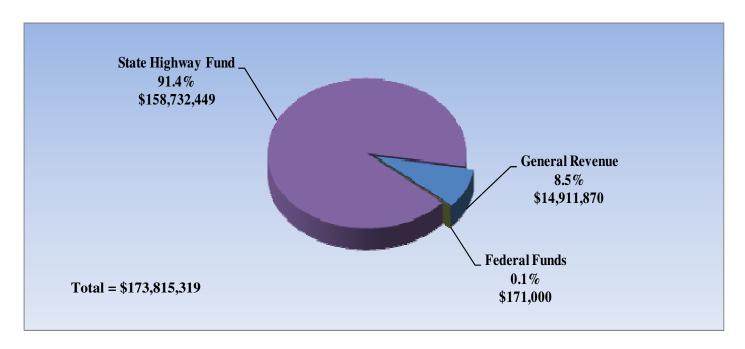


#### FY 2012 Operating Budget Overview continued

#### FY 2012 Operating Budget by Strategy



#### FY 2012 Method of Finance



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#### FY 2012 Operating Budget Overview continued

#### TABLE 5—FY 2012 Operating Budget Summary Comparison by Division

<b>Budget by Office/Division</b>	 FY 2011	 FY 2012		Difference
Administrative Services Division	\$ 51,903,812	\$ 48,246,830	\$	(3,656,982)
Automobile Burglary, and Theft Prevention Authority	14,911,870	14,911,870		0
Board and Support	350,402	366,502		16,100
Consumer Relations Division	2,019,700	2,046,556		26,856
Enforcement Division	4,630,300	4,024,148		(606,152)
Executive Office	6,140,850	2,029,848		(4,111,002)
Financial Services Division	2,855,733	2,999,059		143,326
Motor Carrier Division	2,645,433	2,528,946		(116,487)
Motor Vehicle Division	4,465,234	3,288,221		(1,177,013)
Vehicle Titles and Registration Division	30,272,900	18,000,996		(12,271,904)
Agency-Wide	27,281,038	18,643,436		(8,637,602)
Capital Project:				
Capital-Automation System Project	45,089,330	45,889,330		800,000
Capital-Technology Replacement & Upgrades	11,826,560	6,808,953		(5,017,607)
Capital-Growth & Enhancements	750,294	702,681		(47,613)
Capital-Data Center Consolidation	 	 4,164,118	-	4,164,118
Subtotal	\$ 205,143,456	\$ 174,651,494	\$	(30,491,962)
Adjustments:				
Data Center Services Reduction		(521,000)		(521,000)
Payroll Contribution for Group Health Insurance - 1% of base salaries		(315,175)		(315,175)
				<u> </u>
<b>Total Approved Operating Budget</b>	\$ 205,143,456	\$ 173,815,319	\$	(31,328,137)



#### FY 2012 Operating Budget Overview continued

## TABLE 5—FY 2012 Operating Budget Summary Comparison by Division Budget by Division:

Administrative Services Division – The division's operating budget net change is approximately \$3.7 million for FY 2012. The division realized a savings of approximately \$11 million in activities associated with the manufacturing of license plates, which is offset by a \$3.5 million increase in RTS/T-1 Data line charges; a \$2.6 million transfer of the TxDMV Automation System Project's operating support from the Executive Office to Administrative Services; a \$150K transfer for the Tuition Assistance Program (TAP) from

Agency-Wide; a \$75K transfer for the Civil Rights Officer from Agency-Wide, and a \$1 million transfer for the Licensing, Administration, Consumer Affairs, Enforcement (LACE) System from the Motor Vehicle Division (MVD).

**Board and Support** - The Board and Support's operating budget increased by \$16K to cover projected staffing costs for the next year. In FY 2011, the Board's budget was reflected in the Executive Director's Office.

**Consumer Relations Division** – CRD's operating budget increased by approximately \$27K to cover projected salaries. The division received six (6) additional FTEs to support the increased number of customer inquiries received by the Call Center and Correspondence Services sections.

**Enforcement Division** – ENF's operating budget reflects a net decrease of \$606K. The decrease is a result of savings in professional fees (\$306K) and other operating costs (\$300K) identified by the division in FY 2011. The savings are reflected in Agency-Wide for unforeseen program needs in FY 2012.

Executive Director's Office – EXEC's operating budget is decreased by \$4.1 million. The Executive Office transferred the TxDMV Automation System Project operating support (\$2.6 million) to the Administrative Services Division. Parts 1 and 3 of the TxDMV Automation Project pertain to technology acquisitions to address existing needs and new technology. A focus on technology is better aligned within the Chief Information Officer's operating purview and will allow the agency to leverage resources and provide economies of scale. In addition, automation operating support costs decreased in temporary rental costs for FY 2012. The agency initially planned to rent space for contractors and agency staff who would be working on the TxDMV Automation System Project. However, sufficient space was allocated at the Camp Hubbard Campus, thereby freeing up \$500K. The Executive Director also decreased advertising costs in FY 2012 by \$1 million (ThinkStreet) which is now budgeted at \$500K for media campaigns in the new fiscal year. The \$1 million reduction has been moved to Agency-Wide for unforeseen program needs in FY 2012.

**Financial Services Division** - FNS's operating budget increased by \$143K to cover projected staffing costs for the next year.

Motor Carrier Division – MCD's operating budget decreased by \$116K as a result of savings identified by the division, which are reflected in Agency Wide for unforeseen program needs in FY 2012.



#### FY 2012 Operating Budget Overview continued

#### TABLE 5—FY 2012 Operating Budget Summary Comparison by Division

#### **Budget by Division continued:**

**Motor Vehicle Division** – MVD's operating budget reflects a decrease of approximately \$1.2 million. The FY 2012 budget for rent, utility costs (\$225K) and LACE computer programming (\$1 million) were realigned to the Administrative Services Division.

**Vehicle Registration and Titling Division** – VTR's operating budget decreased by a net of \$12.3 million. The 82nd Legislature approved a transfer of the TexasSure Program to the Department of Insurance for the next biennium and is no longer included in the TxDMV's operating budget. In addition, VTR's operating budget was decreased as a result of further identified savings, which are reflected in Agency-Wide for unforeseen program needs in FY 2012.

**Agency-Wide** - The budget decreased by a net of \$8.6 million. The 82nd Legislature imposed approximately \$4.4 million in operating reductions and \$4.2 million was redirected to fund the Data Center Capital line item.

#### **Capital Projects:**

**TxDMV Automation System Project** – The operating budget increased by \$800K for additional consultant services associated with project implementation. Any unspent FY 2012 balances can be carried forward into FY 2013.

**Capital Technology Replacement and Upgrades** – The operating budget is reduced by \$5 million. The FY 2011 budget included \$4.4 million in carry forward from the previous year (which lapses in FY 2011) and \$600K represents a decrease in legislative appropriations.

**Capital Growth & Enhancements** – The agency's capital line item was reduced by \$48K during the 82nd Legislature.

**Data Center Consolidation** – This line item (\$4.2 million) is a new budgetary item. The agency's data center services costs were paid by TxDOT during the FY 2010–2011 biennium.

**Adjustments** - These line items (\$836K) are reductions imposed on all state agencies and are contained in Article IX General Provisions of the General Appropriations Act.

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#### FY 2012 Operating Budget Overview continued

#### TABLE 6— FY 2012 Operating Budget by Budget Category

Budget Category	FY 2011	FY 2012		Difference
Salaries	\$ 31,986,436	\$ 37,021,114	9	5,034,678
Other Personnel Costs (Longevity)	1,209,667	1,235,687		26,020
Subtotal	33,196,103	38,256,801		5,060,698
Professional Fees & Services	51,481,013	55,475,316		3,994,303
Fuels & Lubricants	30,000	123,000		93,000
Consumable Supplies	1,310,850	1,303,678		(7,172)
Utilities	3,474,263	4,454,435		980,172
Travel	754,536	765,441		10,095
Rent - Building	1,102,528	1,296,700		194,172
Rent - Machine and Other	250,051	282,977		32,926
Other Operating Expenses (Table 8)	95,924,930	54,834,120		(41,090,810)
Other Capital	4,117,981	3,160,981		(957,000)
Grants	13,501,201	13,861,870		360,669
Agency Total	\$ 205,143,456	\$ 173,815,319	\$	(31,328,137)



#### FY 2012 Operating Budget Overview continued

#### TABLE 6— FY 2012 Operating Budget by Budget Category

**Salaries** – The operating budget increased by a net \$5 million. A significant amount (\$4.2 million) is attributed to the transfer of the Oversize/Overweight program from TxDOT (Art. IX, Section 18.92, for SB 1420) to TxDMV.

Other Personnel Costs – The operating budget increased by \$26K due to increases in longevity payments for employees.

**Professional Fees & Services** – The operating budget increased by a net \$3.9 million. A significant change in FY 2012 is a \$4.2 million increase for a new budgetary line item for the Data Center Services which was previously paid by TxDOT during the FY 2010-FY 2011 biennium. This increase is offset by a savings of \$300K identified by the Administrative Services Division.

**Fuels & Lubricants** – The operating budget increased by \$93K. This is a new cost to the agency previously paid by TxDOT.

**Consumable Supplies** – The operating budget decreased by \$7K due to agency-wide cost savings.

**Utilities** – The operating budget increased by \$980K for the RTS/T-1 data line charges which are a portion of annual costs previously paid by TxDOT.

**Travel** – The operating budget increased by \$10K to provide additional travel identified by divisions to meet statutorily required functions.

**Rent Building** – The operating budget increased by \$194K to cover projected costs for office space.

**Rent Machine and Other** – The operating budget increased by \$32K to upgrade and lease additional copiers.

Other Operating Expenses – This operating line item decreased by \$41 million. The FY 2011 budget included funding which does not continue into the new fiscal year. These items include: \$24.7 million carry forward of unspent FY 2010 balances; \$300K of General Revenue reductions mandated by state leadership; \$11 million for the TexasSure program which transferred to the Texas Department of Insurance; approximately \$600K realigned to other operating line items to cover anticipated costs; and, \$4.4 million in Agency-Wide reductions.

**Capital budget** – The operating budget decreased by \$957K as a result of legislative reductions in regional support of County Tax Assessor Collector equipment.

**Grants** – The operating budget increased by \$360K to provide grants to law enforcement agencies through the ABTPA program.



## FY 2012 Operating Budget Overview continued

#### TABLE 7—Professional Fees & Services Budget Category Detail

Professional Fees & Services	FY 2011	FY 2012	Difference
Consultant Services Other	\$ 3,329,930	\$ 3,556,979	\$ 227,049
TxDMV Automation System	38,739,330	39,539,330	800,000
Education/Training Services	20,000	62,500	42,500
Financial and Accounting Services	10,000	10,000	-
Legal Services	160,000	650,000	490,000
Temporary Employment Agencies	1,500,000	706,789	(793,211)
Computer Programming Services	7,721,753	7,306,600	(415,153)
Data Processing Services	-	4,164,118	4,164,118
Reductions related to Data Center	-	(521,000)	(521,000)
Total _	\$ 51,481,013	\$ 55,475,316	\$ 3,994,303



#### FY 2012 Operating Budget Overview continued

#### TABLE 7—Professional Services Budget Category Detail

**Consultant Services Other** – This line item increased by \$227K to utilize information technology consultants to focus on the development and implementation of agency projects.

**TxDMV Automation System Project** – The operating budget increased by \$800K due to a recognized need in IT consultants to implement the TxDMV Automation System Project.

**Education/Training Services** – This operating item increased by \$42K to cover anticipated employee training provided through third party vendors.

**Legal Services** – The operating budget increased by \$490K is to accommodate additional projected costs to resolve motor carrier and motor vehicle contested cases through the State Office of Administrative Hearings.

**Temporary Employment Agencies** – The operating budget decreased by \$793K as fewer temporary employees will be needed as the agency's staffing level rises.

**Computer Programming Services** – The operating budget decreased by \$415K as the agency will be spending less for contract programmers by utilizing in-house IT personnel to handle computer programming, web-design and other programming functions.

**Data Processing Services** – This is a new agency budgetary item of \$4.2 million. The agency's Data Center Services costs were paid by TxDOT during the FY 2010–2011 biennium. The Data Center Consolidation (DCC) project consists of information technology infrastructure assets and functions in the scope of the contract entered into by DIR. The requested amount would fund the Data Center Services contract for the agency's current inventory of servers and storage. These funds will support existing projects only and participation is statutorily required. The following is an offset to this new category.

**Reductions related to Data Center Services** – The data center services appropriations are decreased by \$521K due to a legislative mandate, (Article IX, General Provisions, Sec 17.01, Data Center Services Reduction), included in House Bill 1, 82nd Legislature, Regular Session.



#### FY 2012 Operating Budget Overview continued

#### TABLE 8— Other Operating Expenses Budget Category Detail

Other Operating Expenses	FY 2011	FY 2012	Difference
Membership Dues	\$ 50,000	\$ 51,350	\$ 1,350
Tuition Employee Training	175,000	160,000	(15,000)
Registration Fees	150,000	59,540	(90,461)
Insurance Premiums	25,000	15,000	(10,000)
Fees and Other Charges	150,000	101,016	(48,984)
Awards	5,000	8,120	3,120
Fees for Receiving Electronic Payments	35,000	55,600	20,600
Court Costs	30,000	8,260	(21,740)
Maint & Repair Computer Software	110,000	210,200	100,200
Maint & Repair Personal Property Computer Equip	1,300,000	1,210,000	(90,000)
Reproduction & Printing Services	3,600,000	3,386,977	(213,023)
Communication Services	50,000	125,000	75,000
Cleaning Services	65,000	40,000	(25,000)
Advertising Services	2,240,000	509,000	(1,731,000)
Freight/Delivery Services	1,500,000	1,500,000	-
Postal Services	10,500,000	10,500,000	-
Purchased Contracted Services	26,495,834	25,968,782	(527,052)



#### FY 2012 Operating Budget Overview continued

#### TABLE 8— Other Operating Expenses Budget Category Detail

Other Operating Expenses	FY 2011	FY 2012	Difference
Subscriptions Periodicals	\$ 35,000	\$ 5,500	\$ (29,500)
Supply/Material Hardware	10,000	3,400	(6,600)
Parts Furnishings & Equipment	25,000	1,800	(23,200)
Furnishing & Equipment	55,000	320,000	265,000
Parts Computer Equipment Expensed	50,000	60,000	10,000
Maintenance & Repair Personal Property	20,000	10,000	(10,000)
Maintenance & Repair Motor Vehicle	10,000	30,400	20,400
Personal Property Computer Equipment Expensed	150,000	46,400	(103,600)
Personal Property Computer Equipment Controlled	400,000	80,000	(320,000)
Intangible Computer Software Expensed	200,000	263,350	63,350
Books & Reference Material	100,000	35,600	(64,400)
State Office of Risk Management Assessment	55,000	41,000	(14,000)
Prompt Payment Interest	7,500	5,100	(2,400)
TxDMV Automation Systems	5,150,000	5,150,000	-
Unexpended Balance FY 2010	24,728,431	-	(24,728,431)
TexasSure	11,316,965	-	(11,316,965)
Land/Maintenance & Repair Expensed	30,000	30,000	-
Building/Maintenance & Repair	25,000	132,700	107,700
Personal Property Furniture Equipment & Other Reductions related to Payroll Contribution for Health	25,000	25,000	-
Ins.	-	(315,175)	(315,175)
Organ Donor Education Program	451,200	-	(451,200)
TexAn Charges	2,400,000	-	(2,400,000)
MyPlates Vendor Payment	 4,200,000	5,000,000	800,000
Total	\$ 95,924,930	\$ 54,834,120	\$ (41,090,810)



#### FY 2012 Operating Budget Overview continued

#### TABLE 8—Other Operating Expenses Budget Category Detail continued

The Operating Expenses budget category includes approximately 38 expenditure line items ranging in value from \$1,800 for equipment parts to \$25.9 million for contracted services. Several detailed items reflect a projected increase in cost for the upcoming biennium, which are offset by decreases realized through cost savings. The increases are discussed below and are followed by the decreased line items.

#### **Increases:**

**Membership Dues** – The operating budget increased by approximately \$1K for new employee memberships.

**Awards** – The operating budget increased by \$3K for incentive and service awards for employees.

**Fees for Receiving Electronic Payments** – The operating budget increased by approximately \$21K due to a higher projected volume of electronic payments resulting in additional credit card convenience fees.

**Maintenance & Repair Computer Software** – This category increased by \$100K in order to fund software license and upgrade fees.

**Communication Services** – The operating budget increased by \$75K to accommodate additional use of online legal research subscriptions.

**Furnishing & Equipment** – The operating budget increased by \$265K to cover agency furniture replacement.

**Parts Computer Equipment, Expensed** – The operating budget increased by \$10K to cover needed parts for existing automation equipment.

**Maintenance & Repair - Motor Vehicle** – The agency anticipates increased maintenance costs of \$20K for an aging fleet.

**Intangible Computer Software Expensed**—The category increased by \$63K to cover increased software expenses projected next fiscal year.

**Building/Maintenance & Repair** – This category reflects an increase of approximately \$107K, to cover projected needs of regional facilities.

**MyPlates Vendor Payments** – This line item is pertinent to Rider 4: Special License Plate Fees. The rider facilitates in the process to remit fees collected on behalf of the third party vendor. The operating budget increased by \$800K based on current projections.



#### FY 2012 Operating Budget Overview continued

#### TABLE 8—Other Operating Expenses Budget Category Detail continued

#### **Decreases:**

**Tuition Employee Training** – This category decreased by \$15K as the agency-wide tuition assistance was established at \$150K to assist employees in pursuing higher education goals.

The operating budget decreased by approximately \$1.06 million based on savings identified by the divisions in the following categories: Registration Fees (\$90K); Insurance Premiums (\$10K); Fees and Other Charges (\$49K); Court Costs (\$22K); Maintenance and Repair Personal Property Computer Equipment (\$90K); Reproduction & Printing Services (\$213K); Cleaning Services (\$25K); Subscriptions Periodicals (\$30K); Supply/Material Hardware (\$6K); Parts, Furnishings & Equipment (\$23K); Maintenance & Repair Personal Property (\$10K); Personal Property Computer Equipment, Expensed (\$103K); Personal Property Computer Equipment, Controlled (\$320K); and Books & Reference Material (\$64K).

**Advertising Services** – The operating budget decreased by \$1.7 million due to a reduction in the "Put Texas in Your Corner" campaign.

**Purchased Contracted Services** – The agency anticipates a decline in license plate manufacturing costs and has realigned these funds in Agency-Wide as a placeholder for other unanticipated agency needs.

**State Office of Risk Management Assessment (SORM)** – This category has been decreased by \$14K to reflect next fiscal year's assessment.

**Prompt Payment Interest** – The agency is committed to processing payments more expeditiously which will result in lower interest expenses of \$2K.

**Unexpended Balance** – The FY 2011 operating budget included a \$24.7 million carryforward from unspent FY 2010 balances; however, the agency does not have authority to carry forward funds across the biennia to FY 2012.



#### FY 2012 Operating Budget Overview continued

#### TABLE 8—Other Operating Expenses Budget Category Detail continued

#### **Decreases continued:**

**TexasSure** – The program will transfer to the Texas Department of Insurance effective September 1, 2011 and represents a decrease of \$11.3 million for the agency.

**Payroll Contribution for Health Insurance** – The operating budget decreased by \$315K due to a legislative mandate (Article IX, General Provisions, Sec 18.09, Payroll Contributions for Group Health Insurance).

**Organ Donor Program**—The program is scheduled to transfer to the Department of Public Safety effective September 1, 2011 and represents a decrease of \$451K for the agency.

**Tex-An Charges**—\$2.4 million was removed and better aligned with utility charges. Tex-An is a state-wide Telecommunications network which provides local and intrastate long-distance services to state agencies.

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#### FY 2012 Operating Budget Overview continued

#### TABLE 9—Full-Time Equivalent (FTEs) Employees

Division / Section	FY 2011	FY 2012	Difference
Administrative Services			
Division Director	2.0	2.0	0.0
Administrative Support	6.0	6.0	0.0
Administrative Operations	20.0	20.0	0.0
Fleet Services	1.0	1.0	0.0
Huntsville Operations	2.0	2.0	0.0
Human Resources Staff & Support	8.0	8.0	0.0
Human Resources - Civil Rights	0.0	1.0	1.0
Chief Information Officer/Information Technology	76.0	76.0	0.0
TxDMV Automation System-Operating	0.0	26.0	26.0
Subtotal	115.0	142.0	27.0
Automobile Burglary Theft Prevention			
Division Director	5.0	5.0	0.0
Subtotal	5.0	5.0	0.0
TxDMV Board & Support			
Administration	1.0	1.0	0.0
Internal Audit	3.0	3.0	0.0
Subtotal	4.0	4.0	0.0
Consumer Relations			
Division Director	2.0	2.0	0.0
Registration & Titling Call Center Operations	13.0	20.0	7.0
Motor Vehicle Call Center Operations	6.0	6.0	0.0
Correspondence Services	18.0	17.0	(1.0)
Lemon Law	8.0	0.0	(8.0)
Subtotal	47.0	45.0	(2.0)



#### FY 2012 Operating Budget Overview continued

#### TABLE 9—Full-Time Equivalent (FTEs) Employees *continued*

Division / Section	FY 2011	FY 2012	Difference
Enforcement			
Division Director	2.0	1.0	(1.0)
Administration & Compliance Education	2.0	10.0	8.0
Motor Vehicle Investigations	41.0	26.0	(15.0)
Motor Carrier Operations Investigations	5.0	12.0	7.0
Legal	7.0	8.0	1.0
Lemon Law	0.0	8.0	8.0
Subtotal	57.0	65.0	8.0
Executive			
Executive Director	6.0	6.0	0.0
General Counsel	8.0	8.0	0.0
Communications	2.0	2.0	0.0
TxDMV Automation System Project	26.0	0.0	(26.0)
Subtotal	42.0	16.0	(26.0)
Financial Services			
Chief Financial Officer	2.0	2.0	0.0
Revenue Forecasting	4.0	4.0	0.0
Budget & Planning	8.0	8.0	0.0
Financial Administration	19.0	19.0	0.0
Purchasing & Contracts	8.0	8.0	0.0
Subtotal	41.0	41.0	0.0
Motor Carrier			
Division Director	3.0	2.0	(1.0)
Credentialing	10.0	9.0	(1.0)
International Registration Program	18.0	22.0	4.0
Subtotal	31.0	33.0	2.0



#### FY 2012 Operating Budget Overview continued

#### TABLE 9—Full-Time Equivalent (FTEs) Employees *continued*

Division / Section	FY 2011	FY 2012	Difference
Motor Vehicle			
Administration	7.0	11.0	4.0
Vehicle Industry Licensing	28.0	27.0	(1.0)
Legal	6.0	6.0	0.0
Subtotal	41.0	44.0	3.0
Vehicle Titles and Registration			
Division Director	10.0	7.0	(3.0)
Research and Data Analysis Services	19.0	20.0	1.0
Registration Services	11.0	12.0	1.0
Title Services	31.0	32.0	1.0
Regional Services	181.0	181.0	0.0
Subtotal	252.0	252.0	0.0
Agency Wide	12.0	0.0	(12.0)
Unallocated FTEs			
Agency Total	647.0	647.0	0.0
Other Adjustments			
Article IX, Contingency Appropriations, Sec. 18.79: SB 1420 Oversize and Overweight Vehicles. (Transfer of powers, duties, functions, programs and activities from			
TxDOT to TxDMV).	0.0	116.0	116.0
Contingency Appropriation Total	0.0	116.0	116.0
Adjusted Agency Total	647.0	763.0	116.0



### FY 2012 Operating Budget Overview continued

#### TABLE 9—Full-Time Equivalent (FTEs) Employees continued

As of May 31, 2011, TxDMV had a total of 552.5 FTEs on the payroll. During the fiscal year, the agency averaged over 100 vacant positions but was authorized 647 FTEs.

Administrative Services Division received 26 staff associated with TxDMV Automation System Project's support function from the Executive Director's Office. The staff and operating budget will focus on technology acquisitions to address existing needs and technology. In addition, the division received 1 FTE from Agency Wide for a Civil Rights Officer to promote civil rights, civil liberties, diversity and equal employment opportunities.

In June 2010, 8 Lemon Law Section FTEs transferred from Consumer Relations Division to Enforcement Division to better align functions and responsibilities.

Internal Audit and a Management Analyst are included in the TxDMV Board. These staff were previously shown under the Executive Director's Office.

Executive Director's Office transferred 26 staff positions to the Administrative Services Division as mentioned above. These staff are better aligned with the Chief Information Officer's focus on technology acquisitions of existing needs and new technology. One project manager remains in the Executive Director's Office to provide oversight of the TxDMV Automation System Project.

Financial Services Division realigned the Revenue Forecasting unit to report directly to the Chief Financial Officer. The previous organization chart reflected the unit reporting to the Budget Director. The reporting change provides the CFO direct communication with revenue estimation and projection.

In December 2010, Vehicle Titles and Registration reorganized and established four separate and distinct functions to allow the division to operate in a more streamlined and effective manner. The division's new structure aligns similar work responsibilities under the same umbrella of oversight and supervision and provides effective lines of communication within each subject matter area.

During the course of the fiscal year, management assigned unallocated FTEs to the following areas:

- <u>Consumer Relations Division:</u> +6 Customer Service Representatives to address an increase in Call Center activities and added Salvage Dealer workload assignments.
- <u>Motor Carrier Division:</u> +2 Auditing Staff to perform audits of the Texas International Registration Plan (TxIRP).
- Motor Vehicle Division: +3 License and Permit Specialists to address increased workloads.
- Administration Services Division: + 1 FTE reserved for a Civil Rights Officer position.



### FY 2012 Operating Budget Overview continued

### TABLE 10 - FY 2012 Statutorily Required Contracts and Term Contracts

Contracts required by statute include the State Office of Administrative Hearings (contested cases), the State Office of Risk Management, Workers Compensation, vehicle liability insurance and property insurance and the Texas Department of Criminal Justice (manufacturing of license plates, registration stickers and placards, etc.). Line items below represent anticipated statutorily required contracts for the upcoming fiscal year.

Term Contracts are contracts negotiated by the Texas Comptroller of Public Accounts (CPA) for use by all state agencies. These competitively bid contracts include goods and services such as photocopier leases, automated mailing services, printing services, consumable office supplies and Point of Sale registration paper. State agencies have little or no negotiation authority for these contracts. See page 49 for a more detailed description of Department of Information Resources (DIR) contracts, term contracts administered by the Comptroller of Public Accounts (CPA) and contracts through Texas Industries for the Blind and Handicapped (TIBH).

Division	Vendor	Purpose	Contract Period		FY 2012 Con-
21,101011	, 0.1.001	- m. p.s.s	Start	End	tract Amount
MVD	State Office of Administrative Hearings (SOAH)	Conduct MVD contested case hearings	09/1/2007	08/31/2012	\$650,000
ADMIN	TDCJ	Manufacture of license plates, stickers, temporary tags and placards	09/01/2010	08/31/2012	\$13,387,500
ADMIN	Texas NICUSA	Texas On-Line Web Hosting	01/01/2010	08/31/2012	\$537,131
ADMIN	Texas NICUSA	Payment of IRP convenience fees. Related to the Texas Online Web Hosting	01/01/2010	08/31/2012	\$2,700
AGENCY WIDE	Wells Fargo Insur- ance Services USA, Inc.	Automobile liability insurance for TxDMV (thru SORM)	09/01/2010	08/31/2012	\$12,544
ADMIN	Standard Register	Point of Sale Registration Sticker Paper	4/30/2012	4/30/2015	\$4,204,800
		Subtotal			\$18,794,675



## FY 2012 Operating Budget Overview continued

<b>D.</b>		n	Contrac	et Period	FY 2012
Division	Vendor	Purpose	Start	End	Contract Amount
ADMIN	Calence	Maintenance of Automation Equipment in the County Tax Offices (DIR)	12/01/2006	11/30/2012	\$492,339
			09/01/2010	08/31/2013	\$11,128
VTR/			09/24/2010	09/23/2013	\$3,745
MCD	Canon USA Inc	Canon USA Inc Photocopiers (CPA)	09/01/2010	08/31/2013	\$3,267
			06/25/2010	06/24/2015	\$2,106
DMV Wide	Deco Press	Printing of confidential envelopes (CPA)	04/13/2010	04/12/2012	\$3,116
ADMIN	Elixir Technologies Corporation	Software license agreement for RTS forms software (DIR)	07/01/2010	06/30/2012	\$2,625
VTR	FedEx Government Services	Overnight, second day and ground delivery services (CPA)	12/01/2009	08/31/2012	\$75,000
VTR	Global 360	Kodak Information Access System software – Document imaging services (DIR)	08/31/2009	08/31/2014	\$7,000
VTR	HSM of America	Shredder maintenance (CPA)	12/11/2007	11/30/2012	\$79



## FY 2012 Operating Budget Overview continued

		_	Contract Period		FY 2012	
Division	Vendor	Purpose	Start	End	Contract Amount	
VTR Kyocera Mita		Photocopiers in the regions (CPA)	09/01/2009	08/31/2012	\$3,537	
	America Inc		09/01/2009	08/31/2012	\$570	
ADMIN	Love Envelopes, Inc	Title envelopes (CPA)	04/15/2008	04/14/2012	\$67,571	
ADMIN	Michael Business Machines	Shredder maintenance agreement (CPA)	01/25/2008	01/24/2012	\$240	
VTR	MicroAssist Inc	Software services (Learning Content Management System) (DIR)	06/30/2010	03/14/2012	\$30,379	
ADMIN	Neopost Leasing	Meter Rental for PrintMail Pro (CPA)	10/12/2010	10/11/2012	\$1,140	
ADMIN	Neopost Leasing		09/01/2010	08/31/2012	\$849	



## FY 2012 Operating Budget Overview continued

		Purpose	Contrac	et Period	FY 2012
Division	Vendor		Start	End	Contract Amount
			03/25/2010	03/24/2015	\$10,217
			02/01/2010	01/31/2015	\$7,060
			02/01/2010	01/31/2015	\$7,060
ADMIN/ GCO/		Office Communications Systems Inc  Toshiba Photocopiers (CPA)	09/01/2010	08/31/2012	\$3,754
ABTPA VTR	tions Systems Inc		09/01/2009	08/31/2012	\$3,734
			09/01/2010	08/31/2012	\$3,553
			9/01/2010	08/31/2012	\$3,489
			09/01/2010	08/31/2012	\$3,426
			07/01/2010	06/30/2012	\$6,972
ADMIN/ VTR	Pitney Bowes	owes Mailing machine lease (CPA)	02/28/2010	02/27/2015	\$18,315
			01/02/2010	01/01/2013	\$2,424



## FY 2012 Operating Budget Overview continued

5		_	Contrac	t Period	FY 2012 Con-
Division	Vendor	Purpose	Start	End	tract Amount
VTR	Sharp Electronics Corporation	Photocopier lease (CPA)	09/01/2009	08/31/2012	\$984
ADMIN	Altien Limited	Maintenance for Altien Document Manager through Explorer Products that support electronic management systems (DIR)	08/02/2006	08/01/2012	\$106,960
			11/08/2010	05/11/2012	\$69,120
		Temporary personnel services user acceptance testing; answers and responds to motor vehicle inquiry calls. Credentialing,	04/20/2010	07/14/2012	\$41,260
VTR	TIBH Industries Inc		03/03/2009	08/27/2012	\$41,260
			02/07/2001	06/05/2012	\$40,320
			10/30/2010	04/28/2012	\$36,652



## FY 2012 Operating Budget Overview continued

<b>D.</b>	<b>X</b> 7	Purpose	Contract Period		FY 2012
Division	Vendor		Start	End	Contract Amount
			04/01/2010	09/30/2012	\$182,400
			04/01/2010	09/30/2012	\$176,640
			04/05/2010	09/30/2012	\$163,200
		Temporary personnel services working on	06/21/2010	12/21/2012	\$150,988
ADMIN	Allied Consultants Inc.	LACE project – LACE project team manager, business analyst, programmer, CO-BOL, mainframe, Point-of-Sale application programs (DIR)	03/07/2010	08/31/2012	\$149,760
			03/14/2010	08/31/2012	\$147,840
			09/29/2010	08/31/2012	\$142,080
			09/01/2009	08/31/2012	\$139,200
			09/29/2010	08/31/2012	\$137,280
VTR	Allied Consultants Inc.	Temporary personnel services supporting County training curriculum planner/designer (DIR)	05/03/2010	09/28/2012	\$117,120
VTR	TIBH/Liberty Pro- claimed Ministry	Janitorial Services for the Fort Worth Region (TIBH)	01/12/2011	09/11/2012	\$23,400
VTR	TIBH/Permian Basin Community Centers	Janitorial Services for the Midland/Odessa Region (TIBH)	02/01/2011	01/31/2013	\$9,072



## FY 2012 Operating Budget Overview continued

			Contrac	et Period	FY 2012	
Division	Vendor Purpose	Start	End	Contract Amount		
ADMIN	Adjacent Technologies, Inc.	Support and update services for Filenet software (currently charged to TxDOT). (DIR)	09/01/2010	08/31/2012	\$84,173	
ADMIN	DIR: Gartner Group	IT research seats (DIR)	09/01/2010	08/31/12	\$42,400	
ADMIN	Ericom Software, Inc.	Powerterm interconnect for unlimited users, includes all minor and major release upgrades, technical support. (DIR)	08/26/2008	08/25/12	\$30,517	
ADMIN	PK Ware	PK-Zip for Z/OS, V9.0 – data security and compression software (DIR)		08/31/14	\$11,726	
ADMIN	PC Mall Gov, Inc.	Adobe software products, form manager, designer 6.0, workflow designer 6.2, form server 6.0, workflow server 6.2 (DIR)	09/9/2009	08/31/2012	\$99,789	
ADMIN	SHI Government Solutions, Inc.	WinZip licenses – zip/unzip files, share data and protect work files. (DIR)	08/6/2008	08/5/2012	\$6,027	
AGENCY- WIDE	M & S Technologies, Inc.	McAfee Active Virus Defense site perpetual licenses and endpoint encryption devices (RTS-00342, MVD-00630 and VTR-00450) (DIR)	01/01/2011	12/31/2012	\$225	
FNS	Texas Govlink Inc	Financial Reporting Analyst for annual financial report support. (DIR)	08/10/2010	12/31/2012	\$30,000	



## FY 2012 Operating Budget Overview continued

			Contrac	t Period	FY 2012
Division	Vendor	Purpose	Start	End	Contract Amount
ADMIN	SHI Government Solutions, Inc.	Renewal of Gwava Redline per user software maintenance (currently charged to TSD). (DIR)	06/17/2009	06/16/2012	\$25,229
ADMIN	SHI Government Services	LACE System design and implementation (Webworks Publisher) (DIR)	10/31/2009	10/30/2012	\$1,924
ADMIN/	C&T Information Temporary personnel services for Credentialing, telephone support; LACE	03/14/2011	08/31/2012	\$163,200	
MVD	sulting, Inc.	Programmer (DIR)	06/23/2008	06/30/2012	\$134,400
ADMIN	Meridian Systems Inc.	Contract personnel services for Point of Sale Application Programmer. (DIR)	09/01/2009	08/31/2012	\$157,440
ADMIN	IET Solutions	Enterprise support and update services. Supports helpdesk and other TxDMV operations (DIR)	06/01/2010	05/31/2012	\$56,250
ADMIN	Gartner, Inc.	TxDMV Automation Systems Business Process Analysis Project (DIR)	03/10/2011	12/31/2012	\$884,000



## FY 2012 Operating Budget Overview continued

5	X7. 1		Contract Period		FY 2012
Division	Vendor	Purpose	Start	End	Contract Amount
ADMIN	Goodwill Temporary Services, Inc.	Specialty License Plate Mail preparation (TIBH)	09/01/2009	08/31/2012	\$256,339
ADMIN	Meridian Systems Inc.	Contract personnel services for Point of Sale Application Programmer (DIR)	09/01/2009	08/31/2012	\$212,448
ADMIN	Ciber, Inc.	Contract employee for the TxDMV Automation System Project; Change Management Lead (DIR)	06/15/2009	03/31/2013	\$199,680
FNS/VTR	Toshiba Business Solutions	Toshiba Photocopier lease (CPA)	05/12/2010	05/11/2013	\$7,812
FNS/VIK			05/12/2010	05/11/2013	\$7,812
	NF Consulting Services	•	09/01/2009	08/31/2012	\$141,120
ADMIN			05/24/2010	03/31/2013	\$207,360
			09/01/2009	08/31/2012	\$141,120



## FY 2012 Operating Budget Overview continued

		_	Contrac	et Period	FY 2012	
Division	Vendor	Purpose	Start	End	Contract Amount	
ADMIN R	National Human Resource Group, Inc.	Temporary personnel services for e-Tags	10/20/2010	12/30/2012	\$176,640	
		Stability Project. (DIR)	03/28/2011	08/31/2012	\$149,760	
ADMIN	Texas GovLink, Inc.	Contract personnel services working on LACE Project for COBOL Mainframe Programmer (DIR)	02/02/2011	08/31/2012	\$137,280	
ADMIN	OSS Inc.	Contract employee for the TxDMV Automation System program. Project manager – Business Process Analysis project (DIR)	05/17/2010	03/31/2013	\$205,440	
ADMIN	SHI Government Solutions, Inc.	IBM Rational Professional Bundle for source code management and application bug tracking for LACE and RTS Point of Sale applications (DIR)	09/01/2009	08/31/2012	\$105,626	



## FY 2012 Operating Budget Overview continued

<b>D.</b>			Contract Period		FY 2012
Division	Vendor	Purpose	Start	End	Contract Amount
			09/01/2010	08/31/2012	\$398
		04/06/2011	04/06/2011	04/05/2012	\$225
VTR/	USA Datafax  Brother Intellifax 4750l tenance (CPA)		07/01/2010	06/30/2012	\$210
ADMIN/ MVD/ MCD		Brother Intellifax 4750E fax machine maintenance (CPA)	05/01/2008	04/30/2012	\$180
			08/18/2009	08/17/2012	\$180
			10/24/2009	10/23/2012	\$180
			03/27/2009	03/26/2013	\$105
			03/17/2008	03/18/2012	\$105



## FY 2012 Operating Budget Overview continued

D:-:-:	W J	dor Purpose	Contrac	ct Period	FY 2012
Division	Vendor		Start	End	Contract Amount
			09/22/2010	09/21/2014	\$7,842
			12/01/2008	11/30/2012	\$7,040
			04/01/2010	03/31/2014	\$6,223
		10/15/2009	03/29/2010	03/28/2013	\$6,053
VTR/ ENF/ ADMIN/	Xerox Corpora-		10/15/2009	10/14/2015	\$5,781
MCD/ CRD	tion	(CPA)	03/31/2012	03/30/2015	\$5,590
		08/25/2008 10/29/2008	08/25/2008	08/24/2012	\$3,728
			10/29/2008	10/28/2012	\$3,673
			09/21/2010	09/20/2013	\$3,337
			11/02/2010	11/01/2013	\$3,337
		Continued on next page	11/05/2008	11/04/2012	\$3,199



## FY 2012 Operating Budget Overview continued

Division	<b>V J</b>	D	Contract Period		FY 2012
	Vendor	endor Purpose Start	Start	End	Contract Amount
		Continued from previous page	05/26/2009	05/25/2013	\$3,086
			02/17/2010	02/16/2013	\$3,026
			03/12/2010	03/11/2013	\$3,026
			09/01/2009	08/31/2014	\$2,890
VTR/ ENF/			09/01/2009	08/31/2014	\$2,890
ADMIN MCD/ CRD	Xerox Corporation	Xerox Work Center copier leases (CPA)	09/01/2009	08/31/2014	\$2,760
			09/01/2009	08/31/2014	\$2,760
			09/01/2009	08/31/2012	\$2,694
			09/01/2008	08/31/2012	\$2,636
			12/23/2009	12/22/2013	\$1,878



## FY 2012 Operating Budget Overview continued

Division	Vendor	Dumaga	Contract Period		FY 2012	
Division	vendor	Purpose	Start	End	Contract Amount	
			03/01/2010	02/28/2014	\$1,878	
			07/11/2008	07/31/2012	\$1,846	
VTR/ ENF/ ADMIN/			09/1/2007	08/31/2012	\$8,055	
MCD/ CRD	Xerox Corporation	Xerox Work Center copier leases (CPA)	05/14/2010	05/13/2013	\$7,696	
			09/01/2010	08/31/2013	\$9,462	
			09/01/2010	08/31/2013	\$3,422	
			09/01/2010	08/31/2013	\$3,422	
		Subtotal Term Contracts			\$6,446,781	
					φυ, <del>44</del> υ,761	
		Total—Statutory/Term Contracts			\$25,241,456	



### FY 2012 Operating Budget Overview continued

### TABLE 10 - FY 2012 Statutorily Required Contracts and Term Contracts

**Department of Information Resources (DIR) Contracts:** DIR's Information and Communications Technology (ICT) Cooperative (Co-Op) Contracts program (formerly known as Go DIRect) is a streamlined cooperative purchasing program with over 750 cooperative purchasing contracts for technology products and services including hardware, software, staffing services, maintenance and other ICT services, with a high customer demand for areas such as managed services and technology training.

**Term Contracts:** The Comptroller of Public Accounts (CPA) awards and manages contracts made on behalf of state agencies and local governments.

**Texas Industries for the Blind and Handicapped (TIBH) Contracts:** TIBH is <u>not</u> a state agency. Commodity items and services offered in the TIBH catalogue are reviewed and approved by the Texas Council on Purchasing from People with Disabilities, which is deemed as a "set aside" contract and is exempted from competitive bidding requirements and is required as a first choice when seeking commodities and services within the approved catalogue.



### FY 2012 Operating Budget Overview continued

#### TABLE 11 - Contracts Under \$100,000

Contracts under \$100,000 for services and \$25,000 for commodities are delegated to state agencies by the Texas Comptroller of Public Accounts. These include but are not limited to (Gov't. Code 2155.132) competitively bid contracts for goods and services that are executed by the Financial Services Division at the Executive Director's discretion within budget guidelines according to established procurement and contract laws, rules, regulations and policies of oversight agencies.

	Vendor Purpose	Contract Period		FY 2012	
Division		Purpose	Start	End	Contract Amount
ADMIN	AAMVA	For uploading information for the National Motor Vehicle Title Information System. Required by Department of Justice Assistance.	08/01/2009	07/31/2012	\$5,280
ADMIN	Alertsite.com	Website Monitoring Service (RTS, Vision 21).	02/10/2011	02/09/2012	\$3,168
MVD/ENF	ALLDATA	ALLDATA is an automotive technical e-library for (TxDMV) motor vehicle investigators, inspectors and automotive technicians. It serves as a tool used by motor vehicle investigators and inspectors to identify and diagnose defects in motor vehicles that are the subject of lemon law complaints. It also provides fast access to reliable factory-correct diagnostics, repairs and collision information.	02/24/2011	02/23/2012	\$1,500



## FY 2012 Operating Budget Overview continued

### TABLE 11 Contracts Under \$100,000 continued

District	<b>X</b> 7 <b>J</b>	nudar Durnasa		Contract Period		
Division	Vendor	Purpose	Start	End	Contract Amount	
ADMIN	American Digital Cartography, Inc. (Teleatlas Data Set GIS)	Used by LACE application to geo- code dealer address's & locations (LAT/LONG)	04/12/2010	04/11/2012	\$6,800	
ADMIN	CD Light, LLC	Used by LACE application to scrub dealer and owner addresses for postal mailing. (Your Perfect Ad- dress—SDK)	05/20/2010	04/02/2012	\$307	
ADMIN	Cima Solutions Group LTD	Used by LACE license rewrite team in lieu of writing their own controls to speed their development effort.	07/14/2010	07/13/2011	\$2,085	
ADMIN	Dell Marketing	Final Builder used by LACE application developers to do unattended builds for both system test and production.	09/07/2010	09/07/2012	\$1,424	
ADMIN/MVD	Department of Public Safety	Criminal history record retrieval	09/01/2009	8/31/2012	\$7,750	
MCD	Explore Information Services	IRP Fleet Registration System	11/20/2009	11/19/2011	\$63,000	
ADMIN	Group 1 Software	Code 1 Plus software support		08/31/2014	\$22,000	
ADMIN	HPackard State & Local Enterprise Service, Inc. (Saber)	Software design and development	11/16/2007	04/30/2013	\$42,137	
VTR	IESI - Southeast Texas	Trash Pick Up Service for the Beaumont Region	07/21/2008	07/21/2012	\$871	
VTR	Integrated Bio- metric Technol- ogy Services	Fingerprinting services	06/06/2007	05/31/2012	\$7,300	
ADMIN	Iteris, Inc.	Iteris license agreement for UCR- Link Web Portal and Database Sys- tem. UCR is Unified Carrier Regis- tration. UCR-Link is a portal to the Federal Motor Carrier Safety Ad- ministration's Registration Data	08/24/2010	08/23/2012	\$16,000	



## FY 2012 Operating Budget Overview continued

### TABLE 11 Contracts Under \$100,000 continued

Division	Vendor	Dumaga	Con	Contract Period FY 2	
Division	vendor	Purpose	Start	End	Contract Amount
ENF	Law Office of Sherry Wetsch	To facilitate the communication of disputes on household goods shipments between the shipping public and the motor carriers	06/18/2010	06/17/2012	\$4,680
ADMIN	Penton Business Media, Inc	Web Portal Service for Motor Vehi- cle Presumptive Values for Standard Presumptive Values in RTS	06/01/2008	05/31/2014	\$79,640
ADMIN	R.L. Polk Co.	Vina software—automotive information		08/31/2014	\$12,000
VTR	Republic Services dba Allied Waste Services	Waste Services	10/18/2010	10/17/2012	\$794
AGENCY-WIDE	Texas Legislative Service	Telicon is a combination of comprehensive data, analytical tools, realtime entry, broad spectrum delivery that provides the most progressive tool to legislative professionals.	01/01/2011	12/31/2012	\$16,266
ADMIN	Anchor Computer	National Change of Address Service	12/01/2005	11/30/2012	\$58,900
			04/30/2011	04/29/2012	\$3,623
	Austin	Maintenance for scanners/shredders	05/30/2008	05/29/2012	\$1,197
MVD/MCD/ ADMIN	D/MCD/ Typewriter &	purchased with 3 year extended warranty and maintenance agreements	04/21/2008	04/20/2012	\$399
			03/10/2011	03/9/2012	\$169
			05/01/2011	04/30/2012	\$450



## FY 2012 Operating Budget Overview continued

### TABLE 11 Contracts Under \$100,000 continued

Division	Vendor	Dumaga	Contract Period		FY 2012 Contract	
Division	vendor	Purpose	Start	End	Amount	
ADMIN	PrintMailPro.com	Presorting, inserting & mailing of titles	05/02/2010	05/01/2012	\$75,000	
VTR	Case File Xpress	Online E-Filing of Court Cases	02/11/2012	02/10/2012	\$564	
		Total	·		\$433,304	



### FY 2012 Operating Budget Overview continued

#### TABLE 12—Contracts \$100,000 - \$200,000

Contracts which have a cumulative cost value from \$100,000 to \$200,000 (Commodities over \$25,000 and Services over \$100,000 must be reviewed by the Texas Comptroller of Public Accounts; Government Code 2156.121) may be delegated to the agency by the Texas Comptroller of Public Accounts. If delegated, these contracts are executed by the Financial Services Division at the executive director's discretion within budget guidelines according to established procurement and contract laws, rules, regulations and policies of oversight agencies. The executive director will report contract executions to the board. The report will include: vendor name, contract purpose, contract amount, contract duration and a statement whether sufficient funds are available in the agency's approved budget.

Division	<b>X</b> 7 1	n	Contrac	ct Period End	FY 2012 Contract Amount
	Vendor	Purpose	Start		
ADMIN	DataSpan, Inc.	Data conversion and delivery services	09/13/2010	09/12/2012	\$163,489.00
				Total	\$163,489.00



### FY 2012 Operating Budget Overview continued

#### TABLE 13 Contracts Over \$200,000

Contracts which have a cumulative cost value over \$200,000 (Commodities over \$25,000 and Services over \$100,000 must be reviewed by the Texas Comptroller of Public Accounts; Gov't Code 2156.121) may be delegated to the agency by the Texas Comptroller of Public Accounts. If delegated, these are executed by Financial Services Division through the executive director prior to execution. The executive director must obtain board approval for contracts over \$200,000 and ensure that the contract is within budget guidelines in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies.

Division	*7 1	<b>D</b>	Contrac	t Period	FY 2012 Con-	
	Vendor	Purpose	Start	End	tract Amount	
MCD	Explore Information Services	International Registration Program (IRP) System.	03/30/2005	03/29/2013	\$516,810.00	
				Total	\$516,810.00	



#### **Terms and Definitions**

**Appropriated Funds** - Funds created by the state constitution or a statute that are expended through a legislative appropriation. Agencies with appropriations in the General Appropriations Act (GAA) fund their appropriations with one or more appropriated funds. Appropriated funds are grouped into General Revenue (GR), General Revenue Dedicated (GR-Ded), Federal Funds (FF), and Other Special Funds (OF). TxDMV is appropriated GR, GR-Ded (State Highway Fund), and FF.

**Appropriation Year (AY) -** Refers to the appropriations made for a particular fiscal year (Sept. 1 through Aug. 31).

**Base Request** – The base request for the upcoming biennium will not exceed the appropriated amount established by HB 1 adjusted for Article IX appropriation reductions as identified in the Biennial Reduction section.

**Biennium** – Two year funding cycle for legislative appropriations.

**Carry Forward** – Funds that are not spent in the first fiscal year of a biennium that are allowed to be spent in the second fiscal year of a biennium.

**Federal Grants** – Federal funds are received from federal grantor agencies and support or augment agency programs. In FY 2011, TxDMV received Federal Funds from the US Department of Justice for a Justice Advocacy Grant (JAG) that reimbursed approximately \$75K through March 31, 2011. TxDMV's FY 2012 Approved Budget Estimates include one grant - PRISM (\$171K/year) from the Federal Motor Carrier Safety Administration (FMCSA).

**Full-Time Equivalents** (**FTEs**) – TxDMV is authorized 647 FTEs for FY 2011. In addition, the transfer of TxDOT's functions associated with oversize/overweight function equal 116 FTEs. The FY 2012 Operating Budget includes both amounts for a total of 763 FTEs.

**FY 2011 Projected Expenditures** – FY 2011 Projected Expenditures include: 1) actual expenditures (expenses) incurred from September 2010 through March 2011 and 2) projected expenditures for April through August 2011. The FY 2011 projected expenditure estimates were used to develop FY 2012 division allocations.

**Programs** – The FY 2012 Operating Budget request covers funding for each division. Amounts identified in the Approved budget estimates reflect the most appropriate strategy and method of finance for core activities and continuing programs.

**One-time Expenses** – Non-reoccurring expenses that are not required by law. One-time expenses are repurposed and budgeted annually. Typically, these expenses are either repurposed to support agency projects or held for agency-wide purposes.



#### Terms and Definitions continued

**Preliminary Annual Operating Budget** - The TxDMV Preliminary Annual Operating Budget reflects FY 2012 appropriations as identified HB 1 Enrolled, 82nd Legislature, Regular Session and adjusted to reflect Special Session reductions as applicable. The agency's final Annual Operating Budget covers a one year period.

**LAR Capital Budget** – The FY 2012 Capital Budget is currently set at approximately \$57.6 million. It includes:

- TxDMV Automation System Project (\$45.9 million)
- Agency Growth and Enhancements (PCs, printers, etc –approximately \$702K/year
- Technology Replacement and Upgrades for the Counties (\$6.8 million/year)
- Data Center Consolidation (\$4.2 million/year)

**Lapsed Funds** – The unobligated appropriation balance that cannot be encumbered after the end of the biennium. Appropriations expire if they are not 1) obligated by August 31 of the appropriation year in which they were made; 2) expended within two years following the last day of the annual year; or 3) re-appropriated in subsequent legislation.

**Approved Annual Operating Budget**—The TxDMV Approved Annual Operating Budget reflects the Approval to the Recommended Annual Operating Budget as approved by the TxDMV Board.

**Rider Appropriations** – Referred to as "riders." Instructions, provisions, restrictions or instructions related to certain appropriations contained in the general appropriation act for any biennium. Riders provide supplemental specifications for the utilization of an agency's appropriated funds.

**Salary Budget** – FY 2012 salaries include projected annual costs based on FY 2011 actual salaries and adjusted for vacancies, merits and FY 2012 longevity costs.

**State Fiscal Year –** September 1 through August 31.

**Unexpended Balance (UB) Carryforward -** Refers to the unobligated balance remaining in an appropriation at the end of an appropriation term. Agencies must have legislative authority to move funds from one year to the next and/or from one biennium to the next biennium.



#### **Appendix**

#### **State Budgeting Cycle**

The budget process begins with the approval of the agency's strategic structure. When TxDMV was originally organized, a strategic structure identifying goals, objectives and strategies was developed and approved by the Legislative Budget Board (LBB) and the Governor's Office of Budget Planning and Policy (GOBPP).

The first step in the budget process is to prepare and submit a 5-year strategic plan. Each state agency is required to submit a strategic plan (based on instructions provided by the two state budget offices – LBB/GOBPP) during the summer, June/July for the current cycle. The current strategic plan covers FY 2011 - FY 2012.

The biennial budget cycle for allocating state resources begins with LBB's issuance of "Instructions for Preparing and Submitting Agency Strategic Plans" for a five year cycle. Listed below are the major milestones in the current cycle:

#### Odd Numbered Years:

- LBB presents their budget recommendations to the Legislature January
- Governor presents his budget recommendations to the Legislature January
- Legislature considers and adopts the appropriations bill January-May
- Comptroller of Public Accounts certifies appropriations bill June
- Governor approves General Appropriations Act and issues veto proclamation June

#### Even Numbered Years:

- Strategic planning instructions issued (by Governor and LBB) March
- Agency requests to modify agency budget structures (submitted to LBB) April
- Instructions for biennial Legislative Appropriations Request issued (jointly by Governor and LBB—May)
- LBB/Governor's Office approve agency budget structures April-May
- Agency submits strategic plan for 5 year period late June, early July
- Agency submits base reconciliation for prior biennium June
- LBB/Governor's Office approves agency base reconciliation and provides agency with General Revenue/ GR-Dedicated Limits for next funding cycle June
- Agency submits biennial Legislative Appropriations Request July, August
- LBB/Governor's Office staff conducts joint budget hearings with agency staff August, September

The agency then prepares a legislative request for appropriations (LAR) based on instructions provided by the two budget offices (LBB/GOBPP). This will include both the baseline submission and any exceptional items the agency would like considered for funding during the budget process.



#### **Appendix** continued

#### **State Budgeting Cycle** *continued*

Typically, the agency Executive Director and Finance staff will work with the Appropriations and Finance subcommittees reviewing the budget request and justifying the need for funding the agency at its baseline request as well as any requested exceptional items. During these subcommittee meetings/hearings, legislative staff and elected officials may ask for additional statistical data or performance based information on specific operational or program areas.

As the session progresses, the subcommittees will begin briefing the full committees and finally a joint session with both House Appropriations and Senate Finance members is held. During these hearings, the agency Executive Director and Board members will participate and answer questions regarding the agency's request for funding.

The Legislative Appropriations Request (LAR) is comprised of two components: the "baseline" or "base level" request (funding necessary to maintain existing operations) and "exception items" requests which are desired services in addition to the baseline request.

The agency budget submission covers a two year period (biennium) beginning September 1 of an odd-numbered year and ending August 31 of the following odd-numbered year. The current biennium is September 1, 2011 through August 31, 2012. The two year period covers two separate fiscal years. Legislative appropriations are approved for the entire two year period, but specific amounts are identified for each fiscal year of the biennium.

Once staff have prepared the budget request, (based on prior period expenditure and revenue patterns, changes in legislation or program areas, and considerations for exceptional items), the agency's request for appropriations (LAR) is brought before the TxDMV Board for review. The board must approve/agree with the LAR before it can be submitted to the two budget offices (LBB/GOBPP).

Key performance measures are identified in the appropriation pattern for the agency. These are performance measures the legislature (LBB/GOBPP) have developed to track performance at the program level. The agency is required to report performance on its efficiency and output measures on a quarterly basis and report on its outcome measures annually. This is a required element for the agency's LAR.

There are three classes of performance measures agencies may be required to track outcome, output and efficiency measures. The TxDMV has one outcome measure, three output measures and two efficiency measures considered key performance measures. The LBB requires agencies to collect, compile and report data for key performance measures.

The House and Senate will both draft their own version of the state budget, which includes the agency's request for funding according to what both houses feel is appropriate for the agency. Either chamber could increase or decrease the agency's funding request. It's not unheard of that the house version of the agency's request to appear different from the Senate version of the statewide budget bill. When differences occur, the House Appropriations and Senate Finance Committees form a Conference Committee to negotiate the differences to come to an agreement.



### **Appendix** continued

#### **Annual Operating Budget Roles and Responsibilities**

The Annual Operating Budget represents the Texas Department of Motor Vehicle's (TxDMV) one year financial plan. Agencies operate on a fiscal year basis beginning September 1 and ending August 31. The operating budget allocates resources to approved goals and strategies in accordance with the General Appropriations Act. Please note "department" and "agency" as used throughout this document are interchangeable.

An **operating budget** is an annual budget of an activity stated in terms of budget classification categories, functional programs and expenditure codes. It contains estimates of the total value of resources required for the performance of the Agency's operation including reimbursable work or services for others such as federal reimbursement grants. It also includes estimates of workload in terms of divisions and objects of expenditures.

**TxDMV Board** - Reviews and approves the agency's annual operating budget. The agency's annual operating budget allocates the agency's approved resources for one fiscal year in accordance with the General Appropriations Act. It reflects the agency's approved goals/strategies/method of finance and is presented by organizational functional areas. The board, as a whole, may rely on more detailed analysis of budgetary documents by the Finance and Audit Committee.

**Finance and Audit Committee** – Provides direction/guidance to the agency on behalf of the board. Reviews and recommends approval of the Annual Operating Budget to the full board. Board committees typically review an agency's annual operating budget at the organizational and object of expenditure level with focus on particular business needs. The committee is aware of the general focus and concerns of the board and works with staff to ensure that operational priorities are adequately supported. The committee may require more detailed information to facilitate decision making by the board.

**Executive Director** – Implements approved appropriations each fiscal year and aligns resources into the agency's organizational structure. The Executive Director provides guidance to the Chief Financial Officer and division directors for developing the Annual Operating Budget for board review/approval.

Chief Financial Officer (CFO) – Gathers budget information from all levels of management within the department. The CFO develops the operating budget to keep track of maintenance operations, salaries, and professional services, interest payments, etc. The agency's operating budget is derived from the approved legislative appropriations request approved at the strategy and method of finance level. It is presented at the agency's organizational level, such as division and object of expenditure level.

**Division Directors** – Submit details necessary to justify annual work plans. Manage division budgets to operate within approved budgets.



### **Appendix** continued

#### **Fund Accounting Overview**

**Fund accounting** is an accounting system emphasizing accountability rather than profitability. Fund accounting is used by government and non-profit organizations because the treatment of funds allows a self-balancing set of accounts which are segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

Government agencies and nonprofit organizations have special requirements for financial statements and reports relating to how the money is spent, rather than how much profit was earned. Unlike profit oriented businesses, which use a single set of self-balancing accounts (or general ledger), government agencies and nonprofits can have more than one general ledger (or fund), depending on their financial reporting requirements. An accountant for such an entity must be able to produce reports detailing the expenditures and revenues for each of the organization's individual funds, along with the ability to produce reports that summarize the organization's financial activities across all of its funds.

#### **Basis of Accounting**

The accrual basis of accounting used by most businesses requires revenue to be recognized when it is earned and expenses to be recognized when the related benefit is received. Revenues may actually be received during a later period, while expenses may be paid during an earlier or later period. (Cash basis accounting, used by some small businesses, recognizes revenue when received and expenses when paid.)

Governmental funds usually rely on a *modified accrual* system. This involves recognizing revenue when it becomes both available and measurable, rather than when it is earned. *Expenditures*, a term preferred over *expenses* for modified accrual accounting, are recognized when the related liability is incurred.

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. For federal contracts and grants, revenues have been accrued to the extent earned by eligible expenditures within each fiscal year. Expenditures and other uses of financial resources are recognized when the related liability is incurred.



### **Appendix** continued

#### Fund Accounting Overview continued

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable Leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these new fund types.

#### Financial Reporting

State and local governments report the results of their annual operations in a comprehensive annual financial report (CAFR), the equivalent of a business's financial statements. A CAFR includes a single set of government-wide statements, for the government entity as a whole, and individual fund statements. The Governmental Accounting Standards Board establishes standards for CAFR preparation.

Governments do not use the terms *profit* and *loss* to describe the net results of their operations. The difference between revenues and expenditures during a year is either a *surplus* or a *deficit*. Since making a profit is not the purpose of a government, a significant surplus generally means a choice between tax cuts or spending increases. A significant deficit will result in spending cuts or borrowing. Ideally, surpluses and deficits should be small.

#### **Budgets and Budgetary Accounting**

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The Board adopts an annual operating budget and policies consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes. An encumbrance is defined as an outstanding purchase order or other commitment for goods or services. It reserves a part of the applicable appropriation for future expenditure. At year-end, outstanding encumbrances are reported as a "reservation of fund balance" because they are not yet considered expenditures or liabilities.

Unencumbered and unexpended funds are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

#### Assets, Liabilities and Fund Balances

#### **Assets**

#### Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

#### Receivables

The receivables represent revenue from fees and federal funds that has been earned but not received. This account is presented net of Allowance for Bad Debts.



### **Appendix** continued

#### Fund Accounting Overview continued

#### **Inventories and Prepaid Items**

This represents supplies and postage on hand. Supplies for governmental funds are accounted for using the consumption method of accounting. The cost of these items is recognized as expenditure when items are consumed.

#### Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

#### Liabilities

#### Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

#### Payroll Payable

Payroll payable represents the liability for the August payroll payable on September 1st.

#### Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

#### **Fund Balance/Net Assets**

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

#### **Reservations of Fund Balance**

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to specific future uses and not available for other expenditures.

#### Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.



### **Appendix** continued

#### **Fund Accounting Overview continued**

#### Reserved for Consumable Inventories

This represents the amount of supplies and postage held to be used in the next fiscal year.

#### <u>Unreserved-Undesignated</u>

This represents unappropriated balances at year-end.

#### Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for outstanding bond, notes, and other debt attributed to the acquisition, construction or improvement of those assets.

#### **Interfund Activities and Balances**

The agency has the following types of transactions among funds:

#### **Transfers**

Legally required transfers that are reported when incurred as Transfers In by the recipient fund and as Transfers Out by the disbursing fund.

#### Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures into the reimbursed fund.

Accrual of Operating Transfers, Reimbursements, and Residual Equity Transfers are shown as Due To and Due From or instead of accounts receivable or accounts payable.



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